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Financing of the United Nations Peacekeeping Force in Cyprus

Budget performance for the period from 1 July 2012 to 30 June 2013 and proposed budget for the period from 1 July 2014 to 30 June 2015 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2012/13	$54,576,000
Expenditure for 2012/13	$54,093,200
Unencumbered balance for 2012/13	$482,800
Appropriation for 2013/14	$55,376,000
Projected expenditure for 2013/14[a]	$55,376,000
Estimated underexpenditure for 2013/14[a]	$0
Proposal submitted by the Secretary-General for 2014/15	$56,124,600
Recommendation of the Advisory Committee for 2014/15	$56,124,600

[a] Estimates as at 28 February 2014.

* Reissued for technical reasons on 6 May 2014.

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I. Introduction

1. **The Advisory Committee on Administrative and Budgetary Questions recommends approval of the Secretary-General's proposals for the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2014 to 30 June 2015 and has made observations, where appropriate, in the paragraphs below.**

2. During its consideration of the financing of UNFICYP, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 28 April 2014. The documents reviewed and those used for background by the Committee are listed at the end of the present report. The Committee's detailed comments and recommendations on the findings of the Board of Auditors on the United Nations peacekeeping operations for the period from 1 July 2012 to 30 June 2013 and on cross-cutting issues related to peacekeeping operations can be found in its forthcoming related reports (A/68/843 and A/68/782, respectively).

II. Budget performance for the period from 1 July 2012 to 30 June 2013

3. By its resolution 66/268, the General Assembly appropriated an amount of $54,576,000 gross ($52,532,500 net) for the maintenance of UNFICYP for the period from 1 July 2012 to 30 June 2013, inclusive of voluntary contributions totalling $1,530,200. An amount of $32,251,867 gross ($30,194,285 net) has been assessed on Member States. Expenditure for the period totalled $54,093,200 gross ($51,866,500 net). The resulting unencumbered balance of $482,800 gross ($666,000 net) represents, in gross terms, 0.9 per cent of the total appropriation. Underexpenditure under military contingents and United Nations police and operational costs was offset in part by additional requirements related to civilian personnel and preparations for the implementation of the enterprise resource planning system, Umoja, for which no provision had been made. A detailed analysis of variances is provided in section IV of the performance report (A/68/584).

4. Underexpenditure was incurred, inter alia, in respect of:

(a) Military contingents ($488,300, or 2.4 per cent), owing primarily to the lower actual costs for the rotation of contingent personnel through the use of commercial and charter flights and the lack of incidents involving death or injury during the reporting period. The variance was offset in part by additional requirements for standard troop cost reimbursement in connection with the approval of a supplementary payment to troop-contributing Governments, pursuant to General Assembly resolution 67/261;

(b) United Nations police ($171,300, or 6.3 per cent), owing primarily to the higher actual vacancy rate of 4.3 per cent compared with the delayed deployment factor of 2 per cent applied in the budget, resulting in reduced requirements for mission subsistence allowance and rotation costs, as a result of the advance processing of air travel. The variance was also attributable to the lack of incidents involving death or injury during the reporting period;

(c) Official travel ($183,400, or 45.8 per cent), owing to the management decision to reduce the number of training-related and non-training-related travel in order to reprioritize existing resources to cover additional requirements related to the preparation for the implementation of Umoja, for which no provision had been made;

(d) Facilities and infrastructure ($353,100, or 3.9 per cent), resulting primarily from the acquisition of fewer items of equipment, supplies and services in order to reprioritize existing resources to cover additional requirements in connection with preparations for the implementation of Umoja and lower costs for maintenance services as a result of the difference between the actual average exchange rate of €0.775 to the United States dollar against the budgeted rate of €0.733 to the dollar. The underexpenditure was partially offset by additional requirements for utilities, such as supplemental power generation and repairs at the Vasiliko power plant and greater water consumption at two locations;

(e) Other supplies, services and equipment ($187,700, or 33.8 per cent), resulting primarily from the management decision to reprioritize existing resources to cover additional requirements for the implementation of Umoja.

5. The above-mentioned underexpenditure was offset in part by additional requirements under:

(a) National staff ($415,600, or 5.4 per cent), owing primarily to the separation of five staff members from the Organization during the period, as well as increased requirements for dependency allowance for national General Service staff;

(b) Information technology ($565,700, or 99.0 per cent), resulting primarily from the acquisition of equipment and spare parts and supplies for the upgrading of the information technology infrastructure in order to support the implementation of Umoja, for which no provision had been made.

6. The comments of the Advisory Committee on the information presented in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2014 to 30 June 2015.

III. Financial position and information on performance for the current period

7. The Advisory Committee was informed that, as at 17 March 2014, a total of $505,378,000 had been assessed on Member States in respect of UNFICYP since its inception. Payments received as at the same date amounted to $481,383,000, leaving an outstanding balance of $23,995,000. The Committee was also informed that, as at 31 December 2013, $3,958,000 was owed for troops and $1,041,000 was owed for contingent-owned equipment. As at 17 March 2014, taking into account a three-month operating reserve of $10,551,000 (excluding reimbursements for troop-contributing countries), the Force had available cash in the amount of $13,800,000. After the operating reserve, the remaining cash amounted to $3,249,000.

8. With regard to death and disability compensation, as at 28 February 2014, $1,645,000 had been paid in respect of 286 claims since the inception of the Force. There are no pending claims.

9. The Advisory Committee was informed that, as at 31 March 2014, the UNFICYP post incumbency, which reflects the full incumbency of both National Professional Officer posts and the over-incumbency rate of 8.1 per cent for military contingent personnel, which is related to a short overlap in the rotation of troops, was as follows:

Category	*Authorized*[a]	*Encumbered*	*Vacancy rate (percentage)*
Military contingent personnel	860	930	(8.1)
United Nations police	69	66	4.3
International staff	38	37	2.6
National Professional Officer	2	2	–
National General Service	110	107	2.7

[a] Represents the highest authorized strength for the period.

10. The Advisory Committee was provided with a table showing current and projected expenditure for the period from 1 July 2013 to 30 June 2014. Expenditure for the period as at 28 February 2014 amounted to $38,929,100 gross. At the end of the current financial period, estimated total expenditure would amount to $55,376,000 against the appropriation of $55,376,000, leaving a projected unencumbered balance of zero.

IV. Proposed budget for the period from 1 July 2014 to 30 June 2015

A. Mandate and planned results

11. The mandate of UNFICYP was established by the Security Council in its resolution 186 (1964). The most recent extension of the mandate, to 31 July 2014, was authorized by the Council in its resolution 2135 (2014).

12. The planning assumptions and mission support initiatives for the 2014/15 period are described in paragraphs 6 to 12 of the proposed budget (A/68/700). As indicated in paragraphs 6 and 7 of that report, during the budget period UNFICYP will continue to focus on creating conditions conducive to the achievement of a comprehensive settlement of the Cyprus problem and will assist the Special Representative of the Secretary-General/Chief of Mission, as the principal adviser and deputy to the Special Adviser to the Secretary-General on Cyprus, in her efforts to support full-fledged negotiations between the Greek Cypriot and Turkish Cypriot leaders. The Force will also continue to designate substantive staff and police officers to facilitate and support the good offices of the Special Adviser, as required. At the time of the present review, the position of the Special Adviser to the Secretary-General on Cyprus is vacant and the Special Representative of the Secretary-General/Chief of Mission has been fulfilling that role as needed.

13. During its consideration of the Secretary-General's proposals, the Advisory Committee was informed that, as a result of the Force's efforts and the cooperation of the opposing forces, the military situation in the 180-km-long buffer zone had

remained generally calm during the period under review. Some violations, while not posing a direct threat to the stability of the zone, created the potential for increased tension at a time when the parties had resumed settlement talks. At the same time, while the greater number of applications for use of the buffer zone for civilian activities was a welcome reflection of the Force's contribution to enhanced security, there had been an increase in the number and extent of unauthorized civilian activities in the buffer zone, involving, on occasion, aggressive behaviour, including towards UNFICYP personnel.

14. The Advisory Committee was further informed that UNFICYP, as the primary facilitator on the island, would continue to play a key role in support of the negotiations between the Greek Cypriot and Turkish Cypriot leaders, who, after nearly a two-year hiatus in negotiations, signed a joint declaration on 11 February 2014 outlining the future of Cyprus. As a result, six meetings were held between the two parties, with other meetings scheduled during the year.

15. Regarding mission support, the Secretary-General indicates in paragraph 23 of the budget document that, as part of its efforts to streamline and optimize support to the military, United Nations police and substantive components of the Force, the Mission Support Division undertook a further review of its staffing structure and determined that the functions of the Procurement Assistant post (Field Service) could be performed by a national incumbent. As a result, it is proposed that the Procurement Assistant post be converted from the Field Service to the national General Service category (see para. 22 below for the Committee's recommendation on this proposal). A proposed staffing table for 2014/15 is provided in the summary of the report. A number of mission support and efficiency initiatives underpinning the operations of the support component are outlined in paragraphs 8 to 11 of the report, while the measures envisaged to implement the observations and recommendations of legislative bodies and relevant internal policy decisions are described in paragraph 12.

B. Resource requirements

16. The proposed budget for UNFICYP for the period from 1 July 2014 to 30 June 2015, which provides for the deployment of 860 military contingent personnel, 69 United Nations police officers, 37 international staff and 113 national staff, amounts to $56,124,600 gross, representing an increase of $748,600, or 1.4 per cent in gross terms, over the appropriation of $55,376,000 for 2013/14. The proposed increase reflects mainly additional requirements for civilian personnel and operational costs, partly offset by reduced requirements for military personnel. Detailed information on the financial resources requested and an analysis of variances is provided in sections II and III of the proposed budget (A/68/700).

1. Military and police personnel

Category	*Approved 2013/14*	*Proposed 2014/15*[a]	*Variance*
Military contingents	860	860	–
United Nations police	69	69	–

[a] Vacancy factors of 1 and 3 per cent have been applied to the cost estimates for military contingents and United Nations police, respectively.

17. The proposed budget for military and police personnel for the period from 1 July 2014 to 30 June 2015 amounts to $23,058,200, a decrease of $753,300, or 3.2 per cent, compared with the apportionment of $23,811,500 for 2013/14. The decrease is attributable mainly to the exclusion of the provision for supplemental payments to troop-contributing countries, approved for the 2013/14 period, and lower costs for rations and bottled water in connection with implementation of the new systems contract effective as from April 2013. This reduction was partially offset by the unfavourable effect of the exchange rates between the euro and the dollar.

18. It is proposed that seven United Nations police officers be redeployed from component 1 (political and civil affairs) to component 3 (United Nations police), reflecting the need to strengthen the task of dedicated monitoring of the crossing points that had been opened in prior periods (ibid., para. 18). **The Advisory Committee has no objection to the redeployment proposed by the Secretary-General.**

2. Civilian personnel

Category	*Approved 2013/14*	*Proposed 2014/15*	*Variance*
International staff	38	37	(1)
National staff	112	113	1

19. The proposed budget for civilian personnel for the period from 1 July 2014 to 30 June 2015 amounts to $15,603,100, an increase of $755,500, or 5.1 per cent, over the apportionment for 2013/14. The vacancy factors applied to the cost estimates for civilian personnel are as follows: 2 per cent for international staff, 5 per cent for national General Service staff and zero per cent for National Professional Officers, as compared with 3 per cent, 5 per cent and 25 per cent, respectively, for the preceding period.

20. The additional requirements for international staff ($125,700, or 1.9 per cent) are attributable primarily to the revision of international salary scales effective 1 January 2014 and the application of the above-mentioned 2 per cent vacancy factor, as compared with the 3 per cent factor applied in respect of the 2013/14 budget. For national staff, the increase of $629,800, or 7.8 per cent, is due mainly to the proposed conversion of the Procurement Assistant post from the Field Service to the national General Service category, in addition to the unfavourable effect of the exchange rates between the euro and the dollar (see para. 37 below for the Committee's recommendation on this proposal).

Recommendations on posts

Conversion

21. Under component 4, support, the Secretary-General is proposing the nationalization of the Procurement Assistant (Field Service) post. As a result of the review of its international staffing structure and to continue to ensure greater use of national staff in peacekeeping operations, the Force determined that the functions of the post could be performed by a national incumbent. As a result, it is proposed that

the Procurement Assistant post be converted from the Field Service to the national General Service category.

22. **In view of the foregoing justification, the Advisory Committee recommends approval of the conversion of the Procurement Assistant post from the Field Service to the national General Service category.**

3. Operational costs

(United States dollars)

Apportionment 2013/14	*Proposed 2014/15*	*Variance*
16 716 900	17 463 300	746 400

23. Operational costs for the period from 1 July 2014 to 30 June 2015 are estimated at $17,463,300, reflecting an increase of $746,400, or 4.5 per cent, compared with the apportionment for 2013/14.

Official travel

24. The estimated requirements for official travel for the 2014/15 period amount to $276,000, a decrease of $63,200 (18.6 per cent) compared with the apportionment for the 2013/14 period. The decrease is attributable primarily to the implementation of the train-the-trainer policy, which is partially offset by the allocation of indirect costs for the support of Umoja in the field.

Facilities and infrastructure

25. The estimated requirements for facilities and infrastructure for the 2014/15 period amount to $8,884,400, a decrease of $134,500 (1.5 per cent) compared with the apportionment for the 2013/14 period. The decrease is attributable primarily to lower contractual costs for catering, cleaning and grounds maintenance services, partially offset by the cost of replacement of obsolete accommodation equipment that is no longer in compliance with health and safety standards, the refurbishment of 10 observation towers that have been closed since 2005/06, the cost of electrical system upgrades at Camps Stefanik and San Martin, and construction work to improve safety in the buffer zone.

26. Upon enquiry, the Advisory Committee was informed that as at 15 April 2014, $69,000 had been spent for minimal maintenance and repair of the 10 observation towers and that those towers had proved extremely useful in pursuance of the mandate, as they enabled UNFICYP personnel to observe opposing forces from static locations as part of routine patrols. Additional refurbishment of the towers is planned for the 2014/15 budget period in the amount of $50,000.

Ground transportation

27. The estimated requirements for ground transportation for the 2014/15 period amount to $2,889,000, an increase of $122,600 (4.4 per cent) as compared with the apportionment for the 2013/14 period. The increase is attributable primarily to higher costs for the rental of vehicles, repairs and maintenance, and petrol, oil and lubricants, partially offset by decreased requirements for insurance liability and spare parts.

28. The Advisory Committee was informed, upon enquiry, that UNFICYP had received 67 United Nations-owned light passenger vehicles, transferred from the United Nations Integrated Mission in Timor-Leste (UNMIT), in addition to 9 specialized vehicles. Those vehicles are serviced and maintained through an external contract with a local vehicle workshop facility, since UNFICYP does not have the facilities or the manpower to repair and maintain vehicles owned by the United Nations.

29. Upon further enquiry, the Advisory Committee was informed that during the 2014/15 period, UNFICYP proposed to rent 105 vehicles at a total cost of $1,054,046. Under the terms of the contract, rental costs would include third-party insurance coverage, maintenance and replacement vehicles, if required, and exclude fuel (see also A/67/780/Add.8, para. 32).

30. In response to a related enquiry about the possibility of undertaking a comprehensive comparison of the cost of acquiring versus renting vehicles, the Advisory Committee was informed that the Force will have a baseline for a comparison by the end of the 2013/14 period, which would take into account the 76 vehicles transferred from UNMIT.

31. According to the Secretary-General, a major obstacle to acquiring vehicles from the United Nations Logistics Base at Brindisi, Italy, is the limited availability of right-hand-drive vehicles. In addition, he is aware that there might be certain operational advantages to renting, such as the immediate replacement of a damaged vehicle. **The Advisory Committee is of the view, however, that the acquisition of vehicles could potentially yield cost savings, with or without the operation of a dedicated vehicle workshop facility. In view of the fact that the Force has been in existence since 1964, the Committee recommends that the General Assembly request the Secretary-General to provide a cost-benefit analysis comparing the acquisition against the rental of vehicles, taking into account the useful life of the vehicles, both with and without the operation of a vehicle workshop facility, under the following two options: (a) with United Nations staff members, in which case the estimate should include long-term pension costs and liabilities for after-service health insurance, in addition to salary and other entitlements; and (b) with outsourced labour.**

Air transportation

32. The estimated requirements for air transportation for the 2014/15 period amount to $2,631,500, an increase of $280,700 (11.9 per cent) over the apportionment for 2013/14. According to the Secretary-General, the increase is attributable primarily to the updated provisions of the letter-of-assist arrangements between the United Nations and a troop-contributing country for three helicopters.

Communications

33. The estimated requirements for communications for 2014/15 amount to $802,200, an increase of $278,500 (53.2 per cent) over the apportionment for 2013/14. The Secretary-General indicates that the increase is attributable mainly to: (a) the allocation of indirect costs for the support of Umoja and other information technology systems in the field (a detailed explanation will be provided in the Committee's report on cross-cutting issues relating to United Nations peacekeeping

operations (A/68/782); and (b) the replacement of communications equipment that is damaged, obsolete or has exceeded its economic lifespan (A/68/700, para. 40).

Information technology

34. The estimated requirements for information technology for the period 2014/15 amount to $1,035,400, an increase of $322,300 (45.2 per cent) over the apportionment for 2013/14. The Secretary-General indicates that the increase is attributable mainly to: (a) the allocation of indirect costs for the support of Umoja and other information technology systems in the field (see also comments and observations in A/68/782); and (b) the replacement of equipment that is damaged, obsolete or has exceeded its economic lifespan, particularly in order to ensure the maintenance of the standards required to support the Umoja and Inspira systems (ibid., para. 41).

35. Upon enquiry, the Advisory Committee was informed that the projected holdings of information technology equipment, in particular, desktop computers, would decrease from 359 (current holdings in 2013/14 period) to 300 (estimated as at 30 June 2015). The number of printers, on the other hand, is projected to increase from 68 to 98. In total, the information technology equipment holdings are projected to decrease from 504 items to 474, or a reduction of 6 per cent.

Fluctuation in the exchange rate between the dollar and the euro

36. Upon enquiry, the Advisory Committee was informed that the percentage of the proposed 2014/15 budget that is based on the euro is approximately 54 per cent, or approximately $30 million, of the proposed budget of $56.1 million. The unfavourable effect of the United Nations operational exchange rate of €0.725 to the dollar applied for the 2014/15 period, compared with the rate of €0.770 applied in the 2013/14 budget, resulted in additional requirements amounting to $894,800 ($142,400 for United Nations police, $629,800 for national staff and $122,600 for ground transportation).

37. **The Advisory Committee recommends that information on the impact of the most recent exchange rates be provided to the General Assembly at the time of its consideration of the budget proposals.**

4. Other matters

38. The Secretary-General lists a number of efficiency initiatives, totalling $398,300, that have been taken into account in the preparation of the cost estimates for the 2014/15 period, namely, improved planning and transport arrangements for military contingent personnel and the replacement of 60 obsolete desktop computers with virtual desktop infrastructure devices (ibid., para. 25). **The Advisory Committee commends UNFICYP for its efforts to achieve efficiencies and looks forward to receiving information on the actual efficiency gains realized in the relevant performance report.**

39. The Advisory Committee notes that for the 2014/15 period, budgeted voluntary contributions in kind would amount to $1,068,300 from the Government of Cyprus, compared with $1,228,300 for 2013/14. In addition, the proposed budget for UNFICYP for 2014/15 includes non-budgeted contributions estimated at $1,226,900 (ibid., para. 24). As indicated by the Secretary-General, that amount, included under the provisions of the status-of-forces agreement, is inclusive of the market value, as estimated by UNFICYP, of the cost of United Nations observation posts and office

and accommodation facilities provided by the Government of Cyprus to the Force at no cost for military contingents and United Nations police, including the UNFICYP headquarters complex. **The Committee notes with appreciation the continued voluntary contributions.**

V. Conclusion

40. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2012 to 30 June 2013 are set out in paragraph 26 of the performance report (A/68/584). **The Advisory Committee recommends that the unencumbered balance of $482,800, as well as other income and adjustments in the amount of $682,200, be credited to Member States.**

41. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2014 to 30 June 2015 are set out in paragraph 42 of the proposed budget (A/68/700). **The Advisory Committee recommends that the Assembly appropriate an amount of $56,124,600 for the maintenance of the Force for the 12-month period from 1 July 2014 to 30 June 2015, including $24,416,067 to be funded through voluntary contributions from the Government of Cyprus ($17,916,067) and the Government of Greece ($6.5 million), and assess an amount of $2,642,377 for the maintenance of the Force for the period from 1 to 31 July 2014. Should the Security Council decide to extend the mandate of the Force beyond 31 July 2014, the Committee recommends that the Assembly assess an amount of $29,066,156 for the period from 1 August 2014 to 30 June 2015.**

Documentation

- Budget performance of the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2012 to 30 June 2013 (A/68/584)
- Budget for the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2014 to 30 June 2015 (A/68/700)
- Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2013 (A/68/5 (Vol. II))
- Report of the Advisory Committee on Administrative and Budgetary Questions on the budget performance report for the period from 1 July 2011 to 30 June 2012 and proposed budget for the period from 1 July 2013 to 30 June 2014 of the United Nations Peacekeeping Force in Cyprus (A/67/780/Add.8 and Corr.1)
- General Assembly resolutions 66/268 and 67/272 on the financing of the United Nations Peacekeeping Force in Cyprus
- Security Council resolution 2135 (2014).